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SUBJECT: COUNCIL OF MINISTERS DISCUSSION OF 1975 ECONOMIC
PERFORMANCE AND BASIC DIRECTIONS FOR 1976-1980

REF: MOSCOW 14542

1. INTRODUCTION AND SUMMARY - PRESS REPORTS ON OCTOBER 13
SOVIET COUNCIL OF MINISTERS DISCUSSIONS OF JANUARY-SEPTEMBER
1975 ECONOMIC PERFORMANCE AND PROSPECTS FOR NEXT FIVE YEARS
TEND CONFIRM EARLIER INDICATIONS THAT PRODUCTION IN MANY
SECTORS (ESPECIALLY AGRICULTURE) NOT SATISFACTORY AND THAT
TENTH FIVE-YEAR PLAN (1976-1980) STILL IN FORMATIVE STAGE

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(REFTEL). ACCORDING THESE REPORTS COUNCIL CHAIRMAN KOSYGIN

QTE SUMMED UP DISCUSSIONS OF PARTICIPANTS AND DWELLED ON TASKS DEFINED IN RESOLUTION OF CENTRAL COMMITTEE OF COMMUNIST PARTY ACCORDING TO PLANS FOR BASIC DIRECTIONS OF DEVELOPMENT OF NATIONAL ECONOMY OF USSR DURING 1976-1980 AND THE PLAN FOR 1976 UNQTE. COMPARED WITH FIRST NINE MONTHS 1974 INDUSTRIAL PRODUCTION REPORTEDLY INCREASED 7.8 PERCENT (1975 PLAN: 6.7 PERCENT) AND WORKER PRODUCTIVITY WAS UP 6.1 PERCENT (1975 PLAN: 5.7 PERCENT). ALTHOUGH THESE FIGURES APPEAR IMPRESSIVE, NEWS REPORTS NOTE COUNCIL OF MINISTERS MANDATE TO INDUSTRIAL MINISTRIES AND OTHER ECONOMIC ORGANIZATIONS TO CAREFULLY ANALYZE NINE MONTH FIGURES AND QTE IN ACCORD WITH CRITICAL REMARKS EXPRESSED AT THIS SESSION UNQTE DEVELOP MEASURES FOR INSURING FULFILLMENT 1975 PLAN. COMMENTS ON AGRICULTURE SECTOR REFER TO INCREASED PURCHASES BASIC LIVESTOCK PRODUCTS BUT FAIL MENTION POOR GRAIN HARVEST. MORE DETAILED DISCUSSION IN ECONOMIC JOURNALS OF PRODUCTION IN SEPTEMBER AND DURING FIRST NINE MONTHS 1975 IDENTIFIES SEVERAL SPECIFIC INDUSTRIAL BRANCHES AND ENTERPRISES WHERE WIDE GAP EXISTS BETWEEN PERFORMANCE AND PLAN. END INTRODUCTION AND SUMMARY.

2. CENTRAL PRESS REPORTED THAT COUNCIL OF MINISTERS ON OCTOBER 13 CONSIDERED QTE REPORT ABOUT PROGRESS OF WORK ON STUDY OF BASIC DIRECTIONS OF NATIONAL ECONOMIC DEVELOPMENT DURING 1976-1980 PERIOD IN ACCORDANCE WITH RESOLUTION OF THE CENTRAL COMMITTEE AND IN LIGHT OF SPEECH BY GENERAL SECRETARY BREZHNEV ON FUNDAMENTAL QUESTIONS OF SOCIAL-ECONOMIC DEVELOPMENT OF THE COUNTRY UNQTE. COUNCIL ALSO REPORTEDLY DISCUSSED ECONOMIC RESULTS FOR FIRST NINE MONTHS 1975 AND DEVELOPMENT PLAN AND STATE BUDGET FOR 1976. SUMMARY OF KOSYGIN SPEECH ALSO REFERS TO QTE BASIC DIRECTIONS OF DEVELOPMENT UNQTE DURING 1976-1980 PERIOD IN CONTRAST TO QTE DEVELOPMENT PLAN FOR 1976 UNQTE.

3. FIGURES ON NINE MONTH ECONOMIC PERFORMANCE INDICATE INDUSTRIAL PRODUCTION INCREASED 7.8 PERCENT (1975 PLAN: 6.7 PERCENT) AND LABOR PRODUCTIVITY WAS UP 6.1 LIMITED OFFICIAL USE

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PERCENT (PLAN: 5.7 PERCENT), RESULTING IN TOTAL FIVE BILLION RUBLES PRODUCTION OVER PLAN. AVERAGE WAGES WERE REPORTEDLY UP 3.7 PERCENT COMPARED TO FIRST NINE MONTHS 1974. NOT SURPRISINGLY REMARKS ON AGRICULTURE IGNORE GRAIN PROBLEMS WHILE STRESSING INCREASED PURCHASE BASIC LIVESTOCK PRODUCTS AND OVERFULFILLMENT PLAN FOR FERTILIZER DELIVERIES AND IMPROVEMENTS IN MATERIAL-TECHNICAL BASE. RETAIL TURNOVER IN STATE AND

COOPERATIVE MARKET GREW BY 7.2 PERCENT. SECTION ON CONSTRUCTION DURING PERIOD CLAIMS COMPLETION 41 MILLION SQUARE METERS APARTMENTS, 0.9 MILLION SQUARE METERS GENERAL SCHOOL BUILDINGS AND 94,000 PRE-SCHOOL PLACES. CUSTOMARY REFERENCE TO CAPITAL CONSTRUCTION COMPLETELY OMITTED.

4. COUNCIL OF MINISTERS NOTED THAT QTE CERTAIN MINISTERIES AND UNION REPUBLICS UNQTE FAILED TO MEET PLAN FOR NUMBER IMPORTANT PRODUCTS, AS WELL AS FAILING INCREASE SUFFICIENTLY LABOR PRODUCTIVITY, RAISE PRODUCT QUALITY AND REDUCE WASTE OF MATERIAL-TECHNICAL RESOURCES. COUNCIL URGED LEADERS OF THESE ORGANIZATIONS TO CAREFULLY ANALYZE NINE MONTH FIGURES AND QTE IN ACCORD WITH CRITICAL REMARKS EXPRESSED AT THIS SESSION UNQTE DEVELOP MEASURES FOR FULFILLING 1975 PLAN. EMPHASIS IN 1976 PLAN REPORTED AS MORE COMPLETE USE OF RESERVES FOR INCREASED PRODUCTION WITH LESS NEW CAPITAL CONSTRUCTION; ADDITIONAL MEASURES FOR RAISING WELFARE OF PEOPLE; FURTHER DEVELOPMENT IN AGRICULTURE (PARTICULARLY IRRIGATION); INCREASED OUTPUT OF CONSUMER GOODS INCLUDING BETTER QUALITY AND EXPANDED ASSORTMENT.

5. DETAILED REPORT ON SEPTEMBER PRODUCTION IN OCTOBER 14 SOTSIALISTICHESKAYA INDUSTIYA CLAIMS PRODUCTION OF 108.6 PERCENT COMPARED WITH SAME MONTH 1976, OR ABOUT TWO PERCENT OVER 1976 PLAN. ALTHOUGH LARGE INCREASES NOTED IN ELECTRICAL MACHINERY INDUSTRY (12 PERCENT); CHEMICAL MACHINE-BUILDING (11 PERCENT); AND MACHINE-BUILDING FOR THE LIGHT AND FOOD INDUSTRIES (9 PERCENT) PRODUCTION IN ALL THREE BRANCHES WAS BELOW 1975 PLAN. SIX OF FOURTEEN INDUSTRIAL ASSOCIATIONS IN MINISTRY ELECTRICAL MACHINERY INDUSTRY QTE LIMITED OFFICIAL USE

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WRECKED PLAN FOR SEPTEMBER AND THE THIRD QUARTER UNQTE. PRODUCTION OF CONSUMER PRODUCTS ALSO SUFFERED IN SOME ITEMS, NOTABLY RADIOS, REFRIGERATORS AND TEXTILES. PRODUCTION OF MEAT AND VEGETABLE OIL EXCEEDED SEPTEMBER PLAN FIGURES, BUT THERE WERE SHORTFALLS OF 5,000 TONS OF BUTTER, ABOUT 100,000 TONS OF WHOLE MILK, 9,000 TONS OF SUGAR AND ABOUT FOUR MILLION RUBLES WORTH OF FISH PRODUCTS.

6. COMMENT- WHATEVER DISCUSSION MAY HAVE ARISEN IN THE COUNCIL ABOUT THE POOR GRAIN HARVEST THIS YEAR AND THE RESULTANT PROBLEMS FOR THE SOVIET ECONOMY, IT IS NO SURPRISE TO FIND THE TOPIC OMITTED FROM PRESS ACCOUNTS. DESPITE THIS OMISSION THE REPORTS ARE GENERALLY CAST IN SOMBER TONES AND CARRY CLEAR IMPLICATION THAT PRODUCTION ORGANIZATIONS MUST

PREPARE TO STORM THROUGH THE LAST QUARTER TO MEET 1975 PLAN OUT-
PUT. CONSISTENT REFERENCES THROUGHTOUT TO QTE BASIC
DIRECTIONS OF DEVELOPMENT FOR 1976-1980 UNQTE IN CON-
TRAST WITH QTE DEVELOPMENT PLAN FOR 1976 UNQTE TEND TO
CONFIRM EARLIER INDICATIONS THAT ONLY THE NEXT YEAR'S
PLAN HAS BEEN COMPLETED, WHILE THE FIVE-YEAR PLAN
IS STILL BEING FOUGHT OVER BETWEEN GOSPLAN AND THE VARIOUS
MINISTRIES PREPARATORY TO SUBMISSION TO THE COUNCIL OF MINISERS.
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